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CURRENT SUPPORT BRIEF

CONSTRUCTION UNDERWAY ON USSR-SATELLITE OIL PIPELINE

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CONSTRUCTION UNDERWAY ON USSR-SATELLITE OIL PIPELINE

The Soviet Union has begun construction on the portion of the USSR-European Satellite oil pipeline system which lies within Soviet boundaries. This so-called "pipeline of friendship," a cooperative venture of the members of CEMA (Council for Mutual Economic Assistance), is designed to supply crude oil to new refineries in the European Satellites and to refineries planned or under construction in the European USSR. It will also allow an increase in the exports of crude oil and petroleum products to Northern Europe and the Scandinavian countries through the Baltic Sea ports of Klaipeda and Ventspils. The entire system will be about 4,500 kilometers (km) in length and probably will be completed for use by 1964. (See Figure 1).

Construction began in late 1959 on the Czechoslovakian segment and in 1960 on the Polish segment of the pipeline system. Czechoslovakia planned to construct 186 km in 1960, but by September had fallen 40 km behind schedule. 1/ In Poland, a total of about 35 km was laid in 1960 with installation proceeding simultaneously in both directions from Plock. No construction has been reported on the 130 km section in Hungary nor on the short section into East Germany, both of which are to be completed in 1962. It is probable that the Polish and Czechoslovakian portions of the pipeline will also be completed for use in 1962. The completed segments of the system are to be supplied temporarily with crude oil delivered by rail tank cars.

Plans for petroleum pipeline construction in the USSR in 1961 call for completion of a 325 km section between Brody and Uzhgorod on the southern branch of the system. This section, described by Soviet engineers as the most difficult length of construction on the entire system, is to be ready for use at the beginning of 1962. Gathering lines are to be installed during 1961 to transport the crude from the Romashkino oil fields, in the area of Almet'yevsk, to Kuybyshev, the origin of the trunk pipeline system. 2/ Most, if not all, of the Kuybyshev-Mozyr portion--the major sector of the system--is to be completed in 1962*, and completion of the Mozyr-Brody and Mozyr-Brest sections is scheduled for 1963.

Apparently the Kuybyshev-Mozyr portion is planned to be constructed of 40" diameter pipe, 3/ marking the first use of such large diameter pipe in the construction of a crude oil pipeline. At present the world's largest diameter oil pipeline is the 32" Trans-Arabian crude oil pipeline. Diameters of the branch pipelines extending into the Satellites will average 20"-24".

* A petroleum products pipeline between Kuybyshev and Bryansk has been under construction for the past several years. The final 429 km section, Michurinsk-Bryansk, is to be installed in 1961. This products pipeline frequently is confused in the Western press with the USSR-Satellite crude oil line.

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

Table 1

ESTIMATED DIAMETERS AND CARRYING CAPACITIES OF INDIVIDUAL
SEGMENTS OF THE PLANNED USSR-EUROPEAN SATELLITE
OIL PIPELINE SYSTEM

<u>Origin</u>	<u>Segment</u> <u>Terminus</u>	<u>Length</u> <u>(km)</u>	<u>Diameter</u> <u>(in.)</u>	<u>Carrying Capacity a/</u> <u>(Million Metric Tons)</u> <u>(Annual)</u>
Kuybyshev	Mozyr	1,350	40 <u>b/</u>	35
Mozyr	Brest	475) 24 <u>c/</u>)	11.5
Brest	Plock	280))	
Plock	Schwedt	390	20 <u>d/</u>	7.5
Mozyr	Uzhgorod	725) 24 <u>e/</u>)	11.5
Uzhgorod	Bratislava	400	20 <u>f/</u>	7.5
Sahy	Szazhalombatta	130	na	na
Michurinsk	Kremenchug	700	20-24 <u>e/</u>	7.5-11.5
Unecha	Polotsk	375	28 <u>e/</u>	18
Polotsk	Klaipeda	475	20-24 <u>e/</u>	7.5-11.5
Polotsk	Ventspils	475	20-24 <u>e/</u>	7.5-11.5

a/ Except for the Kuybyshev-Mozyr sector, which is an estimate, capacities are those given in Soviet sources and are a function of the diameter.

b/ 3/.

c/ 4/.

d/ 5/.

e/ Estimate.

f/ 6/.

30 March 1961

CIA/RR-CB-61-21

Page 3

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

The USSR so far as is known, does not yet manufacture 40" steel pipe, and currently is using such pipe, imported from West Germany, in the construction of a natural gas pipeline linking the gas fields in Krasnodar Kray with the Moscow area. Requirements in 1962 for 40" pipe probably will exceed by far any Soviet production capability; therefore continued imports will be necessary. The USSR recently concluded a trade agreement with ENI, the Italian oil monopoly, under which 240,000 tons of steel line pipe are to be delivered to the USSR over a period of four years. 7/ Significant but unknown quantities of 40" pipe may be included in this agreement. In addition, it was reported recently that the USSR has successfully negotiated with a Swedish firm for the delivery of 135,000 tons of 40" steel line pipe during the next four years, possibly for use in construction of a pipeline linking the Urals-Volga directly with Leningrad. 8/ The USSR will continue to import large-diameter pipe from West Germany during 1961-63 and an English concern reportedly has signed an agreement to deliver 150,000 tons of pipe of unknown diameter for oil and gas pipelines to the USSR during 1961-64. 9/ Total estimated pipe requirements for the Soviet portion of the system, excluding branch lines to Kremenchug and Klaipeda, may approach 700,000 tons, including 400,000 tons of 40" pipe.

Use of 40" pipe on the Kuybyshev-Mozyr sector will allow the transport of about 28 million metric tons (mmt) of crude oil annually from the producing areas by 1965, with an eventual full capacity of 35 mmt. (See Figure 2). Of the 28 mmt of crude oil, 13 mmt may be required to supply new refining capacity now under construction in the European Satellites. Deliveries will be increased in succeeding years as refinery capacity in these countries is expanded. Of the estimated 15 mmt of crude oil moving to Polotsk, about 6 mmt probably will supply the refinery now being constructed there. Thus, as much as 9 mmt of crude oil, plus an additional 3 mmt of petroleum products, assuming a withdrawal of 3 mmt for local consumption, may be available for export through Klaipeda and Ventspils to markets in Northern Europe and the Scandinavian countries. Although Klaipeda purportedly was to be the major petroleum exporting base on the Baltic Sea, recent reports indicate that the larger share of the exports will pass through Ventspils. 10/

In addition to the exports through the Baltic, the system may also provide for exports to the West through the port of Odessa if the branch line to Kremenchug in the Ukrainian SSR is extended to that city. However, the Kremenchug refinery still is in the planning stage and therefore construction of the Michurinsk-Kremenchug branch line probably will be postponed and may not be completed for use during the Seven-Year Plan. Another possibility, drawing much speculation in the Western press, would be the extension of the Czechoslovakian section beyond Bratislava, to Vienna. 11/

30 March 1961

CIA/RR-CB-61-21

Page 4

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

Table 2

ESTIMATED CAPACITIES OF REFINERIES TO BE SERVED BY THE
USSR-SATELLITE OIL PIPELINE

Refinery	1965 Capacity (Million Metric Tons)	Ultimate Capacity (Million Metric Tons)
Polotsk <u>a</u> /	6.0	6.0
Plock <u>b</u> /	2.0	6.0*
Schwedt <u>c</u> /	4.0	8.0*
Szazhalombatta <u>d</u> /	2.0	3.0
Bratislava <u>e</u> /	5.0	5.0
Kremenchug	na	na

* 1968.

a/ Estimate.b/ 12/.c/ 13/.d/ 14/.e/ 15/.

30 March 1961

CIA/RR-CB-61-21

Page 5

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

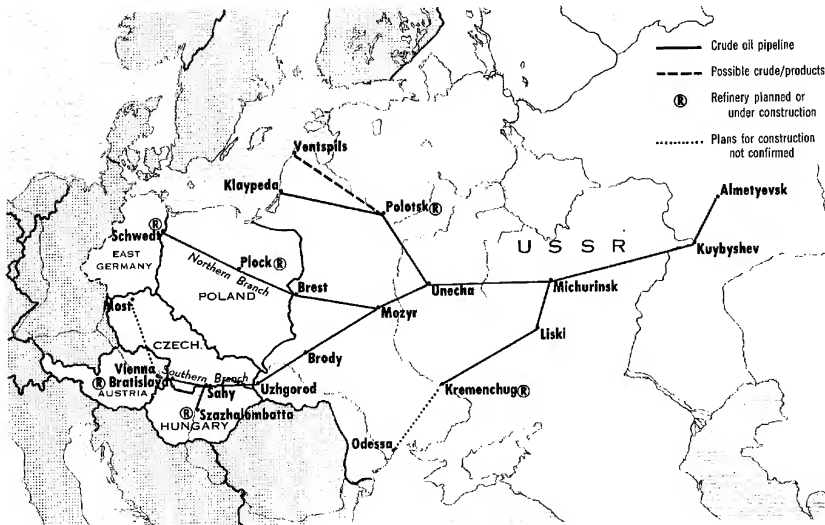


Figure 1. USSR-European Satellite Oil Pipeline System
(To be completed generally by 1964)

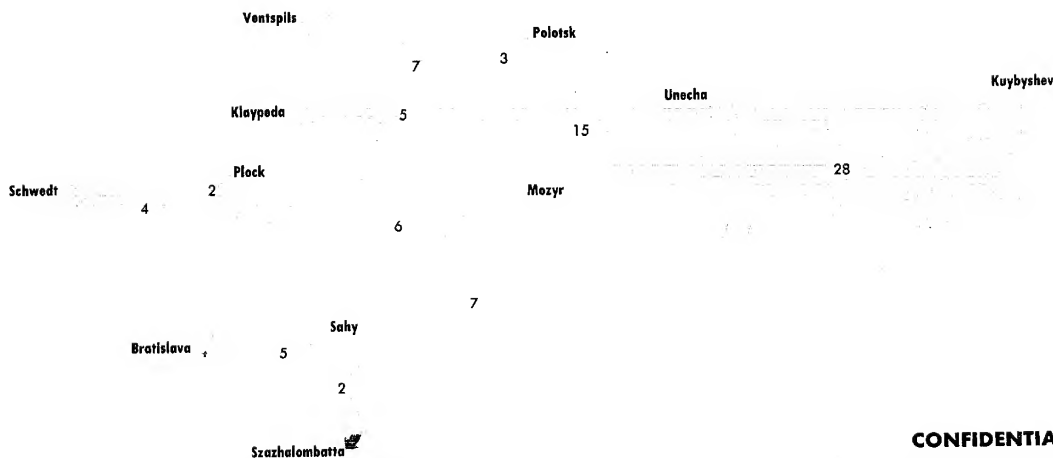


Figure 2. Possible Movement Within the Planned USSR-European Satellite Oil Pipeline System 1965
(Millions of Metric Tons)

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30 March 1961

CIA/RR-CB-61-21

Page 6

C-O-N-F-I-D-E-N-T-I-A-L

